

**UNIFIED SCHOOL DISTRICT NO. 336**  
Holton, Kansas

REGULATORY BASIS  
FINANCIAL STATEMENTS  
For the year ended June 30, 2014

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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***Karlin & Long, LLC***  
*Certified Public Accountants*

10115 Cherry Lane  
Lenexa, Kansas 66220  
(913) 829-7676

2200 Kentucky Avenue  
Platte City, Missouri 64079  
(816) 858-3791

901 Kentucky Street, Suite 104  
Lawrence, Kansas 66044  
(785) 312-9091

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Holton, Kansas

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***Karlin & Long, LLC***  
***Certified Public Accountants***

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 336, Holton, Kansas ("Municipality") as of and for the year ended June 30, 2014, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 336, Holton Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 336, Holton, Kansas as of June 30, 2014, or changes in financial position and cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 336, Holton, Kansas (“Municipality”) as of June 30, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with “Government Auditing Standards”, we have also issued our report dated September 9, 2014, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the 2014 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2014 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget Circular A-133, "Audits of States and Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.



Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
September 9, 2014

USD #336 HOLTON, KANSAS  
Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
General Funds:							
General	\$ 0	0	\$ 7,449,258	\$ 7,449,258	\$ 0	40	40
Supplemental General	57,887	94	2,534,661	2,555,966	36,488	9,281	45,769
Special Purpose Funds:							
Vocational Education	0	0	372,661	372,661	0	3,290	3,290
Special Education	261,175	0	1,226,897	1,281,712	206,360		206,360
Driver Education	17,203	0	8,880	9,158	16,925		16,925
Food Service	76,629	0	490,216	477,541	89,304		89,304
Capital Outlay	975,850	0	791,431	837,280	930,001	316,850	1,246,851
Gifts and Grants	1,536	0	0	0	1,536		1,536
Parent Education	11,300	0	11,300	11,300	11,300		11,300
Professional Development	35,000	0	22,691	27,764	29,927		29,927
Summer School	30,000	0	29,316	24,255	35,061		35,061
Special Education Cooperative	863,065	0	5,348,026	5,420,518	790,573	7,386	797,959
KPERs Special Contribution	0	0	1,076,753	1,076,753	0		0
At Risk (K-12)	0	0	714,542	714,542	0		0
District Activity Funds	153,143	0	302,474	301,608	154,009		154,009
Textbook Rental Fund	88,260	0	47,204	87,743	47,721		47,721
Contingency Reserve Fund	600,000	0	0	0	600,000		600,000
Title I	0	0	147,293	147,293	0		0
Migrant	0	0	14,250	14,250	0		0
Title VIB	0	0	30,887	30,069	818	2,592	3,410
Mini-Grants	4,842	0	3,500	3,119	5,223		5,223
ACE Program	(5,220)	26	85,218	71,185	8,787	3,553	12,340
Title IIA	0	0	20,716	20,716	0		0
Title IID	0	0	9,630	9,630	0		0
JCCTCC	355	18	1,180	1,225	292	165	457
Carl Perkins Grant	2,431	0	3,254	3,254	2,431		2,431
Fresh Start	25,000	0	445,618	432,333	38,285		38,285
Bond and Interest							
Bond and Interest	82,066	0	1,370	0	83,436		83,436
Capital Projects							
Capital Projects	0	0	894,301	24,312	869,989		869,989
Total Reporting Entity	\$ 3,280,522	\$ 138	\$ 22,083,527	\$ 21,405,445	\$ 3,958,466	\$ 343,157	\$ 4,301,623

## Composition of Cash

Checking Accounts	\$ 1,417,370
Savings Accounts	3,196,782
Certificates of Deposit	
Total Cash	<u>4,614,152</u>
Agency Funds per Schedule 6	312,529
Total Reporting Entity	<u>\$ 4,301,623</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.336 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.336 (b) organizations for which USD No. 336 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No.336 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2014:

Governmental Funds

General Fund – The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

Special Revenue Funds – Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long term debt) that are intended for specified purposes.

Debt Service Funds – Used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major facilities or equipment.



UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Fiduciary Funds**

**Agency Funds** – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America**

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

**Reimbursed Expenses**

Expenditures in the amount of \$ 48,498 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Reimbursed Expenses (Continued)**

identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

**Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments in the General Fund and KPERS Fund for the year 2014.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – **Summary of Significant Accounting Policies (Continued)**

**Budgetary Information (Continued)**

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Title IID Fund	Title IIA Fund
Migrant Fund	Contingency Reserve Fund
District Activity Funds	Title I Fund
Textbook Rental Fund	Mini-Grant Fund
Fresh Start Fund	Title VI B
Carl Perkins Grant	JCCTCC
ACE Program	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments**

**Deposits**

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2014.

**Concentration of Credit Risk**

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the government's carrying amount of deposits was \$ 4,614,152 and the bank balance was \$ 4,034,147. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$ 250,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

**NOTE 3 – In-Substance Receipt in Transit**

The district received \$ 789,088 subsequent to June 30, 2014 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2014.

**NOTE 4 – Defined Benefit Pension Plan**

**Plan Description** – USD No. 336 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy** – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 6 – Stewardship, Compliance and Accountability**

We noted no violations of Kansas Statutes during the period under examination.

**NOTE 7 – Compensated Absences**

The District does not reimburse employees for unused vacation time. Employees working less than twelve months per year earn ten days sick leave per year. Full year employees earn twelve days sick leave annually. Classified sick leave is accrued in hours equal to each individual's working day and cannot exceed the equivalent of seventy five of an individual's work days. Each year, the District reimburses employees for accumulated unused sick leave in excess of seventy five days. The District has not accrued compensated absences at June 30, 2014.

**NOTE 8 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Summer School Fund	K.S.A. 72-6428	59,316
General Fund	Capital Outlay Fund	K.S.A. 72-6428	517,878
General Fund	Special Education Fund	K.S.A. 72-6428	1,226,897
General Fund	Vocational Education Fund	K.S.A. 72-6428	362,044
General Fund	At Risk Fund	K.S.A. 72-6428	714,542
Supplemental General Fund	Parent Education Fund	K.S.A. 72-6428	11,300
Supplemental General Fund	Professional Dev. Fund	K.S.A. 72-6425	2,269
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	11,212

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO FINANCIAL STATEMENTS

**NOTE 9 – Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**NOTE 10 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

**NOTE 11 – Subsequent Events**

Subsequent events for management's review have been evaluated through September 9, 2014. The date in the prior sentence is the date the financial statements were available to be issued.

**NOTE 12 – Capital Projects**

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
School Buildings	\$ 24,312	\$ 21,500,000

USD #336 HOLTON, KS  
Statement of Changes in Long-Term Debt  
For the Year Ended June, 30, 2014

**Note 13 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2014 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
2012 Issue	2.0-3.5%	4/1/12	\$ 1,720,000	4/1/22	\$ 1,570,000	\$ 0	\$ 160,000	\$ (160,000)	\$ 1,410,000	\$ 46,000
2013 Issue	.95-2.875%	5/1/13	560,000	4/1/23	560,000	0	45,000	(45,000)	515,000	10,329
<b>Capital Leases</b>										
Computer Hardware Lease	1.90%	7/5/11	412,783	7/5/14	206,355		102,206	(102,206)	104,149	3,921
<b>Total Long Term Debt</b>					<u>\$ 2,336,355</u>	<u>\$ 0</u>	<u>\$ 307,206</u>	<u>\$ (307,206)</u>	<u>\$ 2,029,149</u>	<u>\$ 60,250</u>

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	2014	2015	2016	2017	2018	2019-2022	Total
<b>Principal</b>							
General Obligation Bonds	\$ 215,000	\$ 220,000	\$ 220,000	\$ 225,000	\$ 235,000	\$ 810,000	\$ 1,925,000
Special Assessment Bonds							0
Certificates of Participation							0
Capital Leases	104,149						104,149
Revenue Bonds							0
No-Fund Warrants							0
Temporary Notes							0
<b>Total Principal</b>	<u>319,149</u>	<u>220,000</u>	<u>220,000</u>	<u>225,000</u>	<u>235,000</u>	<u>810,000</u>	<u>2,029,149</u>
<b>Interest</b>							
General Obligation Bonds	53,640	49,780	45,710	39,844	33,734	56,572	279,280
Special Assessment Bonds							0
Certificates of Participation							0
Capital Leases	1,979						1,979
Revenue Bonds							0
No-Fund Warrants							0
Temporary Notes							0
<b>Total Interest</b>	<u>55,619</u>	<u>49,780</u>	<u>45,710</u>	<u>39,844</u>	<u>33,734</u>	<u>56,572</u>	<u>281,259</u>
<b>Total Principal and Interest</b>	<u>\$ 374,768</u>	<u>\$ 269,780</u>	<u>\$ 265,710</u>	<u>\$ 264,844</u>	<u>\$ 268,734</u>	<u>\$ 866,572</u>	<u>\$ 2,310,408</u>



USD #336 HOLTON, KANSAS  
Summary of Expenditures - Actual and Budget  
For the Year Ended June 30, 2014

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
<b>Governmental Type Funds</b>						
<b>General Funds</b>						
General	\$ 7,667,940	\$ (267,180)	\$ 48,498	\$ 7,449,258	\$ 7,449,258	\$ 0
Supplemental General	2,555,966	0	0	2,555,966	2,555,966	0
<b>Special Purpose Funds</b>						
Vocational Education	389,762	0	0	389,762	372,661	(17,101)
Special Education	1,539,082	0	0	1,539,082	1,281,712	(257,370)
Driver Training	14,300	0	0	14,300	9,158	(5,142)
Food Service	507,143	0	0	507,143	477,541	(29,602)
Capital Outlay	1,125,000	0	0	1,125,000	837,280	(287,720)
Gifts and Grants	372	0	0	372	0	(372)
Parent Education	11,300	0	0	11,300	11,300	0
Professional Development	35,000	0	0	35,000	27,764	(7,236)
Summer School	24,255	0	0	24,255	24,255	0
Special Education Cooperative	6,176,080	0	0	6,176,080	5,420,518	(755,562)
KPERS Special Contribution	1,076,800	0	0	1,076,800	1,076,753	(47)
At-Risk Fund	714,542	0	0	714,542	714,542	0
Bilingual Education Fund	15,000	0	0	15,000	0	(15,000)
<b>Bond and Interest Funds</b>						
Bond and Interest	0	0	0	0	0	0

**Unified School District No. 336, Holton, Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2014**

USD #336 HOLTON, KS  
GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 724,315	\$ 687,229	\$ 37,086
Delinquent tax	10,878	10,921	(43)
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	6,665,567	6,969,790	(304,223)
Charges for services			0
Interest income			0
Miscellaneous revenues	48,498		48,498
Operating transfers			0
<b>Total Cash Receipts</b>	<u>7,449,258</u>	<u>7,667,940</u>	<u>(218,682)</u>
<b>EXPENDITURES</b>			
Instruction	2,549,414	2,756,080	(206,666)
Student support services	257,393	266,424	(9,031)
Instruction support staff	291,192	263,204	27,988
General administration	133,089	109,392	23,697
School administration	524,789	480,319	44,470
Operations and maintenance	418,072	399,014	19,058
Student transportation services	332,393	324,043	8,350
Central support services			0
Other support services	92,239	95,144	(2,905)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	2,850,677	2,974,320	(123,643)
Adjustment to comply with legal max		(267,180)	267,180
Adjustment for qualifying budget credits		48,498	(48,498)
<b>Total Expenditures</b>	<u>7,449,258</u>	<u>\$ 7,449,258</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

USD #336 HOLTON, KS  
SUPPLEMENTAL GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,031,702	\$ 1,076,754	\$ (45,052)
Delinquent tax	17,557	15,605	1,952
Motor vehicle tax	150,525	143,968	6,557
RV tax	2,000	2,175	(175)
Mineral production tax			0
Federal grants			0
State aid/grants	1,332,877	1,311,027	21,850
Charges for services			0
Interest income			0
Miscellaneous revenues		71,000	(71,000)
Operating transfers			0
	<u>2,534,661</u>	<u>2,620,529</u>	<u>(85,868)</u>
<b>EXPENDITURES</b>			
Instruction	1,639,135	1,681,144	(42,009)
Student support services	10,476	25,559	(15,083)
Instruction support staff	45,649	47,081	(1,432)
General administration	12,737	10,622	2,115
School administration	59,137	47,114	12,023
Operations and maintenance	716,809	663,398	53,411
Student transportation services	26,820	22,248	4,572
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	45,203	58,800	(13,597)
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>2,555,966</u>	<u>\$ 2,555,966</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(21,305)		
Unencumbered Cash, Beginning	57,887		
Prior Year Cancelled Encumbrances	<u>94</u>		
Unencumbered Cash, Ending	<u>\$ 36,676</u>		

USD #336 HOLTON, KS  
VOCATIONAL EDUCATION FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	10,617	16,762	(6,145)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	362,044	373,000	(10,956)
Total Cash Receipts	372,661	389,762	(17,101)
<b>EXPENDITURES</b>			
Instruction	372,661	389,762	(17,101)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	372,661	\$ 389,762	\$ (17,101)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 0		

USD #336 HOLTON, KS  
SPECIAL EDUCATION FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>1,226,897</u>	<u>1,277,907</u>	<u>(51,010)</u>
Total Cash Receipts	<u>1,226,897</u>	<u>1,277,907</u>	<u>(51,010)</u>
<b>EXPENDITURES</b>			
Instruction	1,226,897	1,495,697	(268,800)
Student support services	2,420		2,420
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	52,395	43,385	9,010
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,281,712</u>	<u>\$ 1,539,082</u>	<u>\$ (257,370)</u>
Receipts Over (Under) Expenditures	(54,815)		
Unencumbered Cash, Beginning	261,175		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 206,360</u>		

USD #336 HOLTON, KS  
 DRIVER TRAINING FUND  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	4,250	5,635	(1,385)
Charges for services	4,630	5,410	(780)
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>8,880</u>	<u>11,045</u>	<u>(2,165)</u>
<b>EXPENDITURES</b>			
Instruction	8,252	13,143	(4,891)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	906	1,157	(251)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>9,158</u>	<u>\$ 14,300</u>	<u>\$ (5,142)</u>
Receipts Over (Under) Expenditures	(278)		
Unencumbered Cash, Beginning	17,203		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 16,925</u>		

USD #336 HOLTON, KS  
 FOOD SERVICE FUND  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	281,172	266,602	14,570
State aid/grants	5,185	5,348	(163)
Charges for services	192,647	169,156	23,491
Interest income			0
Miscellaneous revenues			0
Operating transfers	11,212	5,000	6,212
Total Cash Receipts	490,216	446,106	44,110
<b>EXPENDITURES</b>			
Instruction	500		500
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	765	1,300	(535)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	476,276	505,843	(29,567)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	477,541	\$ 507,143	\$ (29,602)
Receipts Over (Under) Expenditures	12,675		
Unencumbered Cash, Beginning	76,629		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 89,304		



USD #336 HOLTON, KS  
 CAPITAL OUTLAY FUND  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 217,208	\$ 203,877	\$ 13,331
Delinquent tax	2,877	3,242	(365)
Motor vehicle tax	28,572	29,990	(1,418)
RV tax	450	453	(3)
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	14,292	10,025	4,267
Miscellaneous revenues	10,154	29,083	(18,929)
Operating transfers	517,878	309,616	208,262
Total Cash Receipts	791,431	586,286	205,145
<b>EXPENDITURES</b>			
Instruction	52,916	50,000	2,916
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	337,153	400,000	(62,847)
Student transportation services	166,813	200,000	(33,187)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	280,398	475,000	(194,602)
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	837,280	\$ 1,125,000	\$ (287,720)
Receipts Over (Under) Expenditures	(45,849)		
Unencumbered Cash, Beginning	975,850		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 930,001		

USD #336 HOLTON, KS  
GIFTS AND GRANTS FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURES</b>			
Instruction		372	(372)
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>0</u>	<u>372</u>	<u>(372)</u>
Total Expenditures			
	<u>0</u>	<u>\$ 372</u>	<u>\$ (372)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	1,536		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,536</u>		

USD #336 HOLTON, KS  
PARENT EDUCATION FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	11,300	11,300	0
Total Cash Receipts	11,300	11,300	0
<b>EXPENDITURES</b>			
Instruction			0
Student support services	11,300	11,300	0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	11,300	\$ 11,300	\$ 0
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	11,300		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	\$ 11,300		

USD #336 HOLTON, KS  
PROFESSIONAL DEVELOPMENT FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>22,691</u>	<u>2,500</u>	<u>20,191</u>
Total Cash Receipts	<u>22,691</u>	<u>2,500</u>	<u>20,191</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff	27,764	35,000	(7,236)
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>27,764</u>	<u>\$ 35,000</u>	<u>\$ (7,236)</u>
Receipts Over (Under) Expenditures	(5,073)		
Unencumbered Cash, Beginning	35,000		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 29,927</u>		

USD #336 HOLTON, KS  
SUMMER SCHOOL FUND  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	29,316	24,255	5,061
<b>Total Cash Receipts</b>	29,316	24,255	5,061
<b>EXPENDITURES</b>			
Instruction	24,255	24,255	0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	24,255	\$ 24,255	\$ 0
Receipts Over (Under) Expenditures	5,061		
Unencumbered Cash, Beginning	30,000		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	\$ 35,061		

USD #336 HOLTON, KS  
SPECIAL EDUCATION COOPERATIVE  
Schedule of Cash Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	1,021,999	947,420	74,579
State aid/grants			0
Charges for services	4,322,137	4,361,146	(39,009)
Interest income			0
Miscellaneous revenues	3,890	4,449	(559)
Operating transfers			0
Total Cash Receipts	<u>5,348,026</u>	<u>5,313,015</u>	<u>35,011</u>
<b>EXPENDITURES</b>			
Instruction	4,962,122	5,072,920	(110,798)
Student support services	43,589	641,160	(597,571)
Instruction support staff			0
General administration	309,530	335,500	(25,970)
School administration			0
Operations and maintenance	41,853	51,500	(9,647)
Student transportation services	63,424	75,000	(11,576)
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>5,420,518</u>	<u>\$ 6,176,080</u>	<u>\$ (755,562)</u>
Receipts Over (Under) Expenditures	(72,492)		
Unencumbered Cash, Beginning	863,065		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 790,573</u>		

USD #336 HOLTON, KS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	1,076,753	1,076,800	(47)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>1,076,753</u>	<u>1,076,800</u>	<u>(47)</u>
<b>EXPENDITURES</b>			
Instruction	861,402	861,440	(38)
Student support services	21,535	21,536	(1)
Instruction support staff	32,303	32,304	(1)
General administration	43,070	43,072	(2)
School administration	43,070	43,072	(2)
Operations and maintenance	32,303	32,304	(1)
Student transportation services	21,535	21,536	(1)
Central support services			0
Other support services	10,768	10,768	0
Food service operations	10,767	10,768	(1)
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>1,076,753</u>	<u>\$ 1,076,800</u>	<u>\$ (47)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

USD #336 HOLTON, KS  
 AT RISK FUND (K-12)  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues		25,000	(25,000)
Operating transfers	714,542	689,542	25,000
	<u>714,542</u>	<u>689,542</u>	<u>25,000</u>
Total Cash Receipts	<u>714,542</u>	<u>714,542</u>	<u>0</u>
<b>EXPENDITURES</b>			
Instruction	710,460	711,878	(1,418)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services	4,082	2,664	1,418
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>714,542</u>	<u>714,542</u>	<u>0</u>
Total Expenditures	<u>714,542</u>	<u>\$ 714,542</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		



USD #336 HOLTON, KS  
 BILINGUAL EDUCATION  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers		15,000	(15,000)
<b>Total Cash Receipts</b>	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>
<b>EXPENDITURES</b>			
Instruction		15,000	(15,000)
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>0</u>	<u>\$ 15,000</u>	<u>\$ (15,000)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 0</u>		

USD #336 HOLTON, KS  
 BOND AND INTEREST FUND  
 Schedule of Cash Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2014

	Actual	Budget	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax	1,314		1,314
Motor vehicle tax	56	21,493	(21,437)
RV tax		341	(341)
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
<b>Total Cash Receipts</b>	<u>1,370</u>	<u>21,834</u>	<u>(20,464)</u>
<b>EXPENDITURES</b>			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
<b>Total Expenditures</b>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	1,370		
Unencumbered Cash, Beginning	82,066		
Prior Year Cancelled Encumbrances	<u>0</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 83,436</u>		

USD #336 HOLTON, KS  
NONBUDGETED FUNDS  
Schedule of Cash Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			147,293
State aid/grants			
Charges for services	47,204		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>47,204</u>	<u>0</u>	<u>147,293</u>
<b>EXPENDITURES</b>			
Instruction	74,995		134,377
Student support services			
Instruction support staff	12,748		12,916
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>87,743</u>	<u>0</u>	<u>147,293</u>
Receipts Over (Under) Expenditures	(40,539)	0	0
Unencumbered Cash, Beginning	88,260	600,000	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>47,721</u>	\$ <u>600,000</u>	\$ <u>0</u>

USD #336 HOLTON, KS  
NONBUDGETED FUNDS  
Schedule of Cash Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2014

	<u>Migrant</u>	<u>Title VIB</u>	<u>Mini-Grants</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	14,250	30,887	
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			3,500
Operating transfers			
	<u>14,250</u>	<u>30,887</u>	<u>3,500</u>
<b>EXPENDITURES</b>			
Instruction	14,250	28,562	919
Student support services			
Instruction support staff			
General administration		1,507	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			2,200
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>14,250</u>	<u>30,069</u>	<u>3,119</u>
Receipts Over (Under) Expenditures	0	818	381
Unencumbered Cash, Beginning	0	0	4,842
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>818</u>	\$ <u>5,223</u>

USD #336 HOLTON, KS  
NONBUDGETED FUNDS  
Schedule of Cash Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2014

	ACE <u>Grant Program</u>	<u>Title IIA</u>	<u>Title IID</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	85,218	20,716	9,630
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	<u>85,218</u>	<u>20,716</u>	<u>9,630</u>
<b>EXPENDITURES</b>			
Instruction	62,098	17,986	
Student support services	9,087		
Instruction support staff		2,730	9,630
General administration			
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>71,185</u>	<u>20,716</u>	<u>9,630</u>
Receipts Over (Under) Expenditures	14,033	0	0
Unencumbered Cash, Beginning	(5,220)	0	0
Prior Year Cancelled Encumbrances	<u>26</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 8,839</u>	<u>\$ 0</u>	<u>\$ 0</u>

USD #336 HOLTON, KS  
NONBUDGETED FUNDS  
Schedule of Cash Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2014

	JCCTCC Grant	Carl Perkins Grant	Fresh Start
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants		3,254	
State aid/grants			
Charges for services			445,618
Interest income			
Miscellaneous revenues	1,180		
Operating transfers			
Total Cash Receipts	<u>1,180</u>	<u>3,254</u>	<u>445,618</u>
<b>EXPENDITURES</b>			
Instruction	1,225	3,254	281,032
Student support services			
Instruction support staff			
General administration			
School administration			82,810
Operations and maintenance			33,324
Student transportation services			
Central support services			
Other support services			35,167
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
Total Expenditures	<u>1,225</u>	<u>3,254</u>	<u>432,333</u>
Receipts Over (Under) Expenditures	(45)	0	13,285
Unencumbered Cash, Beginning	355	2,431	25,000
Prior Year Cancelled Encumbrances	<u>18</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 328</u>	<u>\$ 2,431</u>	<u>\$ 38,285</u>

USD #336 HOLTON, KS  
DISTRICT ACTIVITY FUNDS  
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Middle school							
Athletics	\$ 42		\$ 15,288	\$ 13,683	\$ 1,647	\$ -	\$ 1,647
Volleyball	10		-	-	10		10
Concessions	-		1,645	833	812		812
High School							
Athletics	29,126		93,387	104,344	18,169		18,169
Boys Baseball	3,022		-	3,022	-		-
Boys Basketball	3,074		-	1,245	1,829		1,829
Girls Basketball	591		3,300	3,708	183		183
Track	37		-	-	37		37
Volleyball	(28)		1,357	953	376		376
Wrestling	108		-	-	108		108
Golf	-		-	-	-		-
Cross Country	584		-	-	584		584
Softball	18		6,907	6,459	466		466
Subtotal Gate Receipts	36,584	-	121,884	134,247	24,221	-	24,221
School Projects							
Holton Fund	1,915			1,915	-		-
Colorado School							
General	15,691		9,963	20,384	5,270		5,270
PTO	-		-	-	-		-
Central Elementary							
General	13,346		8,114	11,492	9,968		9,968
Owls Garden Fund	1,144		-	376	768		768
Optimist Donation	550		-	-	550		550
Book Fair	1,211		-	-	1,211		1,211
Middle School							
Faculty	214		1,449	525	1,138		1,138
Library	300		163	68	395		395
School Fund	50		8,805	7,201	1,654		1,654
Petty Cash and Sales tax	-		3,772	1,772	2,000		2,000
Awards	2,020		10,128	10,886	1,262		1,262
High School							
Concessions	(2,993)		34,748	25,476	6,279		6,279
Program ads	1,394		6,822	4,155	4,061		4,061
Drivers Ed Fees	130		4,615	4,745	-		-
Holtonian	98		3,706	3,537	267		267
JCYC	698		2,143	2,491	350		350
Football stadium	29,938		7,901	206	37,633		37,633
Activity fees	45		-	-	45		45
Touchdown club	1,686		1,641	1,859	1,468		1,468
Laptop Insurance	3,444		25,139	24,663	3,920		3,920
Lift A Thon	964		2,152	554	2,562		2,562
PE Grant	2,285		1,036	82	3,239		3,239
School Fund	7,367		10,507	9,077	8,797		8,797
Supplies	14,095		11,053	6,013	19,135		19,135
Wall Picture	2,424		-	-	2,424		2,424
Yearbook	1,502		17,243	18,223	522		522
Orders/Testing	3,243		3,141	2,786	3,598		3,598
School to Work	646		-	144	502		502
IHT	2,917		597	1,786	1,728		1,728
Staff Grants	-		200	-	200		200
Character Program	5,325		-	-	5,325		5,325
Patio pavers	2,026		-	50	1,976		1,976
AG Metal	1,640		885	2,018	507		507
Greenhouse	1,244		4,667	4,877	1,034		1,034
Subtotal School Projects	116,559	-	180,590	167,361	129,788	-	129,788
Total District Activity Funds	\$ 153,143	\$ -	\$ 302,474	\$ 301,608	\$ 154,009	\$ -	\$ 154,009

USD# 336 HOLTON, KS  
 AGENCY FUNDS  
 Statement of Cash Receipts and Cash Disbursements  
 For the Year Ended June 30, 2014

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll liabilities	\$ 257,657	\$ 11,541	\$ -	\$ 269,198
High School				
Art	667	2,365	1,921	1,111
Band	573	29,234	27,390	2,417
Drama	2,537	680	206	3,011
FFA	1,521	34,358	33,812	2,067
FFA Convention	37	7,545	7,317	265
FCCLA Club	1,848	1,644	2,102	1,390
FACS Fees	1,721	1,740	1,134	2,327
Kayettes	156	1,381	703	834
KLASS	1,162	85	338	909
National Honor Society	353	75	152	276
Spirit Club	7,606	16,225	18,114	5,717
SADD	3,096	1,093	3,513	676
Sales Tax	0	11,138	11,138	0
Student Council	2,195	3,280	4,085	1,390
Vocal Music	2,828	9,809	8,057	4,580
Vocational Agriculture	(344)	1,705	1,070	291
FCA Club	1,217	422	729	910
Class of 2016	1,150	1,970	50	3,070
Class of 2017	0	1,931	25	1,906
Class of 2009	509		509	0
Class of 2010	96			96
Class of 2011	682			682
Class of 2013	588			588
Class of 2014	2,399	270	2,488	181
Class of 2015	3,398	2,880	5,127	1,151
Lettercats	2,909	2,456	1,394	3,971
FBLA Club	169	982	565	586
Spanish Club	407	0	0	407
Middle School				
Student Council	243	939	622	560
Technology	491	2,022	2,473	40
Kays	453	2,059	1,909	603
Music	112			112
Cookie dough	16	25,700	24,876	840
FCA	318	1,894	1,845	367
Total	<u>\$ 298,770</u>	<u>\$ 177,423</u>	<u>\$ 163,664</u>	<u>\$ 312,529</u>





**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Unified School District No. 336, Holton, Kansas as of and for the year ended June 30, 2014, and have issued our report thereon dated September 9, 2014. In our report, our opinion was qualified due to the use of an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Unified School District No. 336, Holton, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 336's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC  
Certified Public Accountants

September 9, 2014



**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 336  
Holton, Kansas 66436

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited Unified School District No. 336, Holton, Kansas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 336, Holton, Kansas' major federal programs for the year ended June 30, 2014. Unified School District No. 336, Holton, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Unified School District No. 336, Holton, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 336, Holton, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 336, Holton, Kansas' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Unified School District No. 336, Holton, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Unified School District No. 336, Holton, Kansas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 336, Holton, Kansas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of Unified School District No. 336, Holton, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 336, Holton, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 336, Holton, Kansas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Karlin & Long, LLC". The signature is written in a cursive, flowing style.

Karlin & Long, LLC  
Certified Public Accountants

September 9, 2014

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
<hr/>			
<b>Passed through State Department of Education:</b>			
Title I	84.010	*	\$ 147,293
Title I - Migrant	84.011	*	14,250
State Grants (Part B Education Act)	84.027	*	803,160
Early Childhood Aid	84.173	*	31,147
Title IV	84.287	*	85,218
Title II - Teacher Quality	84.367	*	30,346
<hr/>			
U.S. Department of Agriculture			
<hr/>			
<b>Passed through State Department of Education:</b>			
School Breakfast Program	10.553	*	53,661
National School Lunch Program	10.555	*	226,642
Federal Food Service	10.560	*	50
Team Nutrition Training	10.574	*	1,100
<hr/>			
U.S. Department of Health and Human Services			
<hr/>			
<b>Passed through State Department of Education:</b>			
Youth Risk Behavior Survey	93.938	*	100
Total Federal Assistance			<u>\$ 1,392,867</u>

\* Not available

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2014

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #336 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unqualified Opinion on the financial statements in accordance with the regulatory basis.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial statements of Unified School District No. 336 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Unified School District No. 336 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Unified School District No. 336 are reported in this schedule.
6. The programs tested as major programs included:  
Department of Education  
Title I, Early Childhood Education CFDA No. 84.027
7. Unified School District No. 336 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit  
None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit  
Department of Education  
Title I, Early Childhood Education CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

UNFIED SCHOOL DISTRICT NO. 337  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2014

**2014-1 Financial Reporting**

***Criteria*** – All school districts are required to prepare financial statements in accordance with the basis of accounting adopted. This is a responsibility of the District's management. The preparation of financial statements requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including note disclosures (i.e., external financial reporting).

***Condition*** – As in the case with many smaller and medium sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide fund and fund financial statements, including note disclosures, as part of the external financial reporting process. Accordingly, the District's ability to prepare financial statements is based, in part, on its external auditors, who cannot by definition be considered a part of the District's internal controls financial reporting.

***Cause*** – Management has made the decision that it is in their best interest to outsource the preparation of its annual financial statements to the external auditors rather than incur the time and expense of obtaining the necessary training and expertise require for the district to perform this task internally.

***Effect of Condition*** – As a result of this condition, the District lacks internal controls over the preparation of financial statements, including note disclosures, in accordance with the basis of accounting adopted, and instead relies, in part, on its external auditors for assistance with this task.

***Recommendation*** – we recognize that the district may not have the resources to have an accounting personnel to prepare government – wide and fund financial statements, including note disclosures, in conformity with the adopted basis of accounting. However, we recommend that management continue to increase their knowledge of financial reporting.

***View of Responsible Officials*** – The District has evaluated the benefit of establishing internal controls over the preparation of financial statements, including note disclosures, and determined that it is their best of the District to outsource this task to its external auditors, and to carefully review the draft financial statements, including note disclosures, prior to approving them and accepting responsibility for their content and preservation.

***Management's Response (Unaudited)*** – The district believes that outsourcing the financial statement presentation is acceptable in the circumstances.



UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2014

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 336 Holton, Kansas and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Statutory Basis of Accounting** – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Unified School District No. 336 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

**Departure from Generally Accepted Accounting Principles** – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

UNIFIED SCHOOL DISTRICT NO. 336  
Holton, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2014

**NOTE 1 – Basis of Accounting (continued)**

**Departure from Generally Accepted Account Principles (ctd.)** - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

**NOTE 2 – Pass-Through Awards**

Unified School District No. 336 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

**NOTE 3 – Major Programs**

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. The Title I Early Education Grant Program has been determined by the independent auditor to be a major program.

**NOTE 4 – Contingencies**

The District receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.